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Office of
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# Major News Releases and Speeches

## July 9 - July 16, 1982



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# Speeches

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**Remarks prepared for delivery by Assistant Secretary Mary C. Jarratt, in seminar presentation before the American Medical Association; Chicago, Ill., July 13, 1982.**

It is indeed a pleasure for me to be invited here this morning and to share with such a distinguished group some observations on food and nutrition policy formulation.

My comments will focus not solely on the Women, Infants and Children Program, but more generally on what I see in the development of policies designed to improve the health and nutritional status of all Americans.

It should be understood that a subject so broad as "food and nutrition policy formulation," cannot be fully addressed in the short time frame available today.

Nonetheless, I believe some basic operational boundaries are beginning to emerge, and within the context of the administration's even broader fiscal and federalism policies, will be keys to future food and nutrition policy formulation.

**The Past as the Prologue**

First, it is obvious, that public policy formulation is influenced by a multitude of events, people, and institutions. No place has this been more true than in the food and nutrition debates of the past decade and those of today.

The formulation of policies relating to something so basic and personal as one's own health and eating habits has always been destined to be controversial for everyone including the research, scientific and political communities.

The past decade will be recorded in the annals of nutrition history as an extremely politically active period. And it is this past, serving for some as a prologue to the future, that has met the realities of limited public resources and budgetary constraints of the 1980's.

Examining the recent past, we find no place in the federal budget that better represents this administration's twin concerns over

budgetary and regulatory expansion, than does the domestic feeding programs.

Based on some rather limited scientific evidence of malnutrition during the late 1960's, the federal government poured vast sums of money into various feeding programs over the 1970's.

Beginning in 1970, the federal government was spending about $1.6 billion in domestic food assistance programs. The programs in 1970 were limited to the school lunch program, a commodity food distribution program to needy families, and an embryonic food stamp program.

Over the decade of the 1970's, new programs were established and older existing programs were amended and expanded, all with the stated objective of developing particular feeding programs for particular and unique nutritional needs of specific groups. Today, there are at least 15 different direct feeding programs sponsored by the federal government, and in the fiscal year ending last September, these programs expended over $16.1 billion and subsidized to some extent, sometimes totalling more than 90 million meals per day. Even after adjusting for inflation in the period 1970 to 1981, the rate of growth was a staggering 14.6 percent annually. The food stamp program alone had a real rate of growth of nearly 17.4 percent; and even if the real rate is adjusted for participation during this period, it still shows a 9.6 percent annual growth rate.

Such rapid increases in federal expenditures are unmatched anywhere in the budget. They even exceed the growth rates in Medicare and Medicaid over the same period. Compared to the total outlays in the budget that showed a 3.7 percent real rate of annual growth over this period, food and nutrition program growth rates were nearly four times as great.

**Narrowing the Focus of Policymaking**

The various categorical programs have spawned different eligibility rules. Varying financing mechanisms have resulted in the nearly 40 different reimbursement schemes, all adding to the daily administrative complications of federal, state and local administrators. Further, each new program has developed its own cadre of "public interest" champions adding to public confusion and additional fragmentation of

the policymaking process. Various advocacy groups, nurtured at times by substantial federal funding, have boldly attacked expressed Congressional intent. I was reminded of this just Friday by an article in The New York Times which stated that the non-profit Fund Research and Action Center had suffered a loss of federal funds from Fiscal Year 1981 to 1982 of $480,000. This group did not like the food stamp "workfare" test provisions calling for work-eligible but unemployed able-bodied recipients to perform public service work at minimum wage value in return for their food stamp benefits. A General Accounting Office investigation in 1980 found the Food Research and Action Center, which was receiving funds from Health and Human Services, to have used federal monies to lobby against federal initiatives to establish "workfare" provisions in the food stamp program.

Each nutrition program therefore, with its "unique" characteristics, results in a narrowing of the policymaking process. And in the nutrition area this narrowing of focus has been imposed not only on the administrative regulatory process, but also on the legislative process. As an example, congressmen find themselves in the House Agriculture Committee voting on food stamp legislation, and then running to the Education and Labor Committee to vote on Women, Infants and Children or school lunch legislation.

In the legislative arena, any of these programs can be viewed on any given day as the only program to address a given nutritional need. This occurs despite the fact that all these programs are supposed to assist the low-income target population and despite the fact that multiple program participation is common.

The consequence—nutrition policy formulation has been fragmented in all arenas.

Roger Davidson in an article entitled, "Subcommittee Government. New Channels for Policy Making," provides an apt description of the Congress' character when he wrote in 1980:

"Now the chief impression is buzzing confusion. The two houses of Congress lack organizing issues or lines of battle. In place of party labels there are individual politicians in business for themseleves, and a

series of shifting coalitions around specific issues. Instead of a few leaders or checkpoints for legislation, there are many. . ."

In this environment it is no wonder that specifically-focused, narrow legislation has come to dominate not only food and nutrition policymaking but all aspects of social legislation.

Confused, myopic and lacking trust many times in administrative regulatory discretion, narrowly focused interest groups, have protected "their" programs by imposing even more specificity into the national nutritional statutes.

Let me read to you just one example of this in legislation for the summer food program. Section 13(f) of the National School Lunch Act reads in part:

"To assure meal quality, states shall, with the assistance of the secretary, prescribe model meal specifications and model food quality standards, and ensure that all service institutions contracting for the preparation of meals with food service management companies include in their contracts menu cycles, local food safety standards, and food quality standards approved by the state. Such contracts shall require (A) periodic inspections, by an independent agency or the local health department for the locality in which the meals are served, of meals prepared in accordance with the contract in order to determine bacteria levels present in such meals, and (B) that bacteria levels conform to the standards which are applied by the local health authority for that locality with respect to the levels of bacteria that may be present in meals served by other establishments in that locality. Such inspections and any testing resulting thereform shall be in accordance with the practices employed by such local health authority."

And of course, eight sections later, the secretary of agriculture is admonished to "reduce paperwork required of state and local agencies in carrying out the functions of this law."

With the narrowing focus of nutrition legislation, administrative regulations have become less flexible.

As an example, not all food items that contain enriched or whole grain cereal, flour or meal are allowed as creditable bread items in all child nutrition programs. It depends—if it is a cookie served as a snack in the child care program, it's allowed, but not for lunch or breakfast; if

it's a donut served for breakfast, it is allowed, but not for snacks or lunch; on ad nauseaum the regulations continue.

Whoever told you that a five-year old is a five-year old; it all depends upon which program he is in, you see.

With rapidly growing federal expenditures in this area, policy formulation in the late 1970's shifted toward increased program accountability. More accountability required additional nutrition legislation to provide in part special exceptions from other existing social legislation, and to provide authority for new administration surveillance activities. The overly specific programmatic regulations already existing resulted in almost complete certainty that nutrition program administrators and recipients were certain to be found to be out of compliance with some aspects of the rules and regulations.

Once lax program accountability has been alleged and publicized, congressional reaction has quickly responded to impose more legislation with specific performance and penalty requirements on recipients and administrators. And on goes the evolving policy formulation process; the durability of reform is very short.

All this brings to mind Lewis Carroll's, Through the Looking Glass. . .:

"A slow sort of country," said the Queen (to Alice), "Now here you see it takes all the running you can do to keep in the same place, if you want to get somewhere else, you must run at least twice as fast as that."

**The Continuing Evolution**

In retrospect, the nutrition policy formulation process has in many respects paralleled the evolving science of nutrition.

Nutrition concerns of advocates not nutritionists in the late 1960's centered mainly on providing enough calories to avoid hunger or starvation and on nutritional deficiency diseases, the impacts of which were said to be clearly visible.

But then, beginning with hearings before the Senate Select Committee on Nutrition and Human Needs in 1977, the concerns of nutrition advocates shifted to both macro and micro- nutrient needs. In many respects it was these hearings and the subsequent committee's release of their dietary goals that produced more detailed nutrition language in authorizing legislation and, that further resulted in detailed

regulatory changes to school lunch meal-patterns and WIC food package regulations. The state of the art of nutrition sciences continues to evolve, and improved food processing techniques continue to push nutrition policy formulation toward narrower specificity.

As an example, we are now having to address vegetable protein products served in the child nutrition programs, setting standards for appropriate hydration by type of vpp - flour, isolates, and concentrates.

It is hard to comprehend that such types of responsibilities have become national concerns.

Being the keen fan of Thomas Jefferson that I am, and remembering his avowal "that government is best which governs least," I shudder to think how he would react upon learning that until recently the federal government had been determining sites as well as hours of operation for local food stamp offices.

Aside from the ridiculousness of the dilemma, the problems inherent in this evolution are now becoming apparent. In a recent book entitled "Social Regulation. Strategies for Reform," George Eads of Rand Corporation writes:

"Regulation is not inherently bad, it has merely been assigned tasks it is incapable of performing."

We have clearly begun to reach the limits of science and administration in current nutrition policy and program formulation. What some individual groups expect from government in nutrition policy, we are realistically incapable of accomplishing.

On the other hand, I do not want to leave you with the impression that the feeding programs have had no effect. We have heard of some positive effects earlier this morning. Neither would I want to leave the impression that the federal government has no role in nutrition assistance. Quite to the contrary, I do think we have a role in Washington. We definitely should be more than just a post office box.

A major restructuring of nutrition assistance programs to provide greater administrative discretion and individual responsibility for nutrition needs does seem in order. The administration's desire to place more responsibility back at the state and local level appears to be a reasonable strategy for addressing this narrowing focus of nutrition concerns. For ultimately who is more responsible for one's own health and nutrition but the individual himself in consultation with his

physician. Nutrition and health organizations such as yours must play an increasing role in the new direction of food, nutrition and health policies of the 1980's. Health professionals must bring their knowledge and expertise beyond the doctor's office into the policy arena if nutrition assistance is to have more of a health impact than a political one.

A few years ago the late John Knowles, president of the Rockefeller Foundation wrote an editorial in "Science" that probably most adequately captures my feelings about the next evolution of food, nutrition, and health policies. He wrote, and I conclude by paraphrasing:

"I believe the idea of a 'right' to health (nutrition) should be replaced by that of a moral obligation to preserve one's own health. The individual then has the 'right' to expect help with information, accessible services of good quality, and minimal financial barriers. . .

The next major advances in health (nutrition) will be determined by what the individual is willing to do for himself. If he is willing to follow reasonable rules for healthy living, he can extend his life and enhance his own and the nation's productivity. If he is willing to reassert his authority with his children, he can provide for their optimal mental and physical development . . .he can either remain the problem or become the solution to it. Beneficent government cannot."

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**Remarks prepared for delivery by Under Secretary of Agriculture Seeley G. Lodwick before the American Farm Bureau Federation, Bloomingdale, Ill., July 15, 1982** 1-3

Thank you for inviting me to join you today. I've always found it rewarding to get together with Farm Bureau members to share ideas and talk over the challenges facing American agriculture today. Times are difficult, there's no denying that. But I am confident we can find workable solutions to the problems we face.

I'm often reminded of a comment Edward R. Murrow once made, "Our major obligation is not to mistake slogans for solutions. All too

often the political winds bring us proposals for new federal programs that are really no better than slogans. Only those slogans carry heavy price tags and paper over problems with the taxpayer's money.

I think the real solutions will come from within agriculture itself and not from a quick fix from Washington. So I'm not here today to talk about what the government can do for agriculture. Instead, I'm here to talk about how the government can help you improve your own industry.

What I would like to focus on specifically is exports—a subject close to the hearts of every marketing and commodity specialist working in agriculture today. It's hard to overemphasize the importance of exports to America's farmers.

In fiscal 1981, the value of U.S. agricultural exports set a record for the twelfth consecutive year at $43.8 billion. Our agricultural balance of trade was a positive $26.6 billion. Needless to say, that paid for a lot of imported oil and manufactured goods.

At the same time, farmers are committed to and capitalized for exporting, particularly here in Illinois and the other midwestern states. Nationwide, farmers have committed about two acres out of every five they cultivate to producing for export markets.

U.S. agricultural sales overseas not only help to strengthen the farming sector, they also contribute significantly to the general economy. USDA's Economic Research Service estimates that every dollar in agricultural exports contributes $1.80 to the gross national product. Twelve cents of every export dollar becomes federal tax revenue and, what is even more important, each billion dollars of agricultural exports provides jobs for 28,000 Americans.

This year farm exports are expected to be about $1.8 billion less than last year's record sales. Depressed economic conditions worldwide, high stock levels, high interest rates and the strength of the dollar are major factors in the softening of foreign sales.

This year's lagging export demand teaches us that we cannot take for granted continued growth in our export markets. While we are confident that the long term export picture is bright, we must always remember that building overseas sales is a hard job and it means all of us must plan our marketing strategies carefully and maintain our momentum.

Back at USDA we have intensified our efforts to help your industry boost its overseas sales. One of the most effective tools we've used to build foreign purchases is the government-industry sales team. Since last spring, the Foreign Agricultural Service has sent six market development teams to 11 countries that have excellent growth potential as buyers of U.S. grains and soybean products. These countries have ranged from Latin America to North Africa, the Middle East, the Indian subcontinent and the Far East.

One government-industry trade team recently went to Southeast Asia in late May and early June to promote exports of U.S. breeding stock and feed stuffs. The members met with government officials and members of the trade in the Philippines, Indonesia, Singapore, Malaysia and Thailand. Included in the team were representatives of FAS soybean, feed grain, Holstein-Friesian and Swine Record cooperators and swine specialists from private business.

That team, like many of the others, focused on non-traditional markets because that's where the growth potential lies. The patterns of world trade are shifting and the volume of trade in the Pacific now exceeds the Atlantic. USDA is gearing its marketing strategy to take advantage of the boom in Pacific trade.

Teams of this type have had a marked degree of success in selling U.S. farm products overseas. So far, their efforts have resulted in an increase in credit guarantees for wheat in Brazil, a Public Law 480 agreement for wheat sales to Morocco, and plans to build a pilot noodle plant and a pilot flour mill in China.

Partly because of these teams, U.S. wheat shipments to Brazil and Morocco are expected to be greater this year than last. And wheat exports to China will stay very near to last year's record level.

As marketing and commodity specialists, you should be particularly interested in the expanding network of offices FAS maintains overseas. The ten agricultural trade offices service both foreign importers of America's farm products and U.S. exporters visiting on business or setting up their own overseas offices. There is an agricultural trade office located in Caracas, Venezuela and one in Nanama, Bahrain. Two others are in cities in Africa, and Europe and Asia have three each.

These offices are headed by agricultural trade officers who search out trade opportunities and serve as two-way conduits for information

originating in Washington or overseas. They can serve as an effective tool when American exporters are trying to cut through the underbrush that clogs the way to foreign sales.

The marketing work we do at USDA is not restricted to activities abroad. Here at home, FAS will cooperate with the National Association of State Departments of Agriculture in staging a major food show in Atlanta in May of next year. This show is designed to promote greater sales of U.S. value-added products to foreign buyers.

This year, the United States will export between $12 billion and $13 billion in valued-added products. This is twice the value of all agricultural exports by the United States as recently as 10 years ago.

Value-added products include flour and cereal products, vegetable oils and oilseed meals, animal products—including poultry meat—canned and frozen fruit and vegetables—and a wide variety of convenience foods.

Another important service USDA offers that can help you in your marketing work is called TORS—the Trade Opportunity Referral Service. This is a computerized direct-mail service which provides contacts between overseas buyers and U.S. exporters. TORS was made even faster and more efficiently recently by linking it with AGNET, a pilot computer project of the U.S. Department of Agriculture and the University of Nebraska.

AGNET is an information delivery network designed to be used by people with no previous knowledge of computers. Exporters who subscribe to the system will have almost instantaneous access to the trade leads provided by FAS offices abroad. This should give U.S. exporters a competitive edge in meeting the needs of foreign buyers.

As you can see, a lot is going on to sharpen the marketing of U.S. farm products. But no matter how good your product is or how effectively you promote it, international trade policies will have a definite effect on your sales. Foreign tariffs, quotas and export subsidies can all cut into your profits.

So trade policy is an area that this administration has given a great deal of attention. I'd like to take just a few minutes to summarize some of the practical steps we've taken there.

First, we removed the embargo on agricultural sales to the Soviets. And that already has had a positive effect. Sales of farm products to the

Soviet Union this year will easily top last year's $1.7 billion and may even surpass the $2.7 billion worth sold in 1979. Soviet grain production is likely to be poor again this year—perhaps as low as 185 million tons—and this could spur more purchases of U.S. grain.

We've also made it a matter of policy to make more effective use of export credits, including the full use of the total authorization of $2.5 billion for CCC credit guarantees and more careful targeting of both commodities and destinations to ensure maximum effect.

The trade policy of the Reagan Administration is that the marketplace should be as free as possible of government interference that artifically stimulates production or subsidizes the movement of uneconomic production into international markets.

Top U.S. government officials, including Secretary of Agriculture Block, his colleague at the State and Commerce Department and the U.S. Trade Representative, joined their efforts to open markets that restrict trade through barriers such as the European Community's border protection and Japan's import quotas.

This joint effort has been especially noticeable in the U.S. approach to the European Community whose border protection and increased use of export subsidies for wheat flour, sugar, poultry and beef and veal—to name a few products—have caused major problems for U.S. agriculture.

Within the past year, the administration has taken the European Community to the General Agreement on Tariffs and Trade (GATT) to resolve U.S. industry complaints over subsidized exports of these products. We hope for decisions that will be favorable to U.S. exporters.

Secretary Block also has delivered a strong warning to the EC that enactment of a proposal to impose a tariff quota on EC imports of U.S. corn gluten feed would bring a strong U.S. response. The result was that the EC Council of Ministries laid the proposal aside for further study.

On the other side of the world, we have been pressing Japan hard in a joint interdepartmental effort to expand access to the Japanese market. And there are signs of progress for agriculture.

Japan has agreed to meet next October—six months ahead of schedule—to negotiate on the liberalization of the quotas on citrus and beef. In addition, after years of effort, the U.S. government finally got

the Japanese to focus on the legality of their agricultural quotas in terms of the GATT.

We are trying to keep the pressure on both the EC and Japan to end their unfair trade practices. On their recent trips to Europe and Japan, the state Farm Bureau presidents helped us out a great deal in convincing overseas leaders that we mean business. I would like to thank the Farm Bureau for its efforts.

These trips were a tremendous success. They received a great deal of press coverage and dramatized the need for change. They clearly showed that unfair trade tactics are not just the concern of the Reagan Administration and Congress, they are the concern of every American farmer.

As you can see, this administration has focused on practical solutions, solutions based on working with you. We are not offering slogans or expensive bureaucratic programs. We are striving to give you the tools you need for success in exporting your products.

Looking down the road, I am confident that agricultural exports will start climbing again as the world economy improves. I also believe that the private sector and the federal government working together will find new markets for U.S. farm products, and we will once again enjoy an upward climb in sales. The closer we work together, the sooner we'll find the solutions that spell success.

Thank you.

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# News Conference

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**~~Following are~~ excerpts from a news conference with Secretary of Agriculture John R. Block at the U.S. Department of Agriculture, Washington, D.C., July 15, 1982** [1-2].

BLOCK: I am happy to announce today a 20 percent acreage reduction program for the 1983 wheat crop. The program is designed to reduce our stocks and bring supply and demand into better balance. The program also is designed to provide for improved soil conservation on some of our lands.

Some of the details would include a target price of $4.30, a regular loan of $3.55 and advance deficiency payments of approximately one-half the full deficiency payment.

Further, $300 million will be added to the Commodity Credit Corporation export guarantee program to help strengthen our export initiatives.

Finally, the Commodity Credit Corporation farm storage facility loan program will be reopened with a total of $40 million available to eligible farmers.

**QUESTION:** Could you estimate approximately how much would be in the advance deficiency payments?

**ANSWER:** We will advance 25 cents per bushel, or one-half of the maximum of 50 cents per bushel for which participating farmers will be eligible, should deficiency payments be necessary.

**Q:** How many acres do you expect to enroll in this program?

**A:** We expect 60 to 70 percent of the basic wheat acreage to enter the program for a reduction of six to ten million acres of wheat land.

One other point: to assure that land taken out of production is adequately protected, USDA will make available an expanded agricultural conservation program under which the department will provide up to 65 percent of the cost of putting cropland into a conservation use and keeping it in conservation use for a period of three to four years

If we continue to have an acreage reduction program the following year, that land would continue to count as reduced acreage. Of course, if we didn't have an acreage reduction program the land still would have to stay in conservation use as a result of the payment received.

**Q:** Couldn't other wheat-producing countries take advantage of our acreage reduction program by increasing their production and taking away our customers?

**A:** The United States currently holds large stocks of grain. There is no shortage of wheat in the United States, and until we see a situation where we are runnng a little short, I don't think we can be accused of backing off from the market. In other words, even with the program we are announcing today, our customers can be assured of a steady supply of grain for the foreseeable future.

**Q:** What are the comparable support levels for the 1982 and 1983 crops?

**A:** The 1982 program provided for a regular loan of $3.55, a reserve loan of $4 and a target price of $4.05. For the 1983 program, the regular loan and reserve loan will be unchanged while the target price will rise to $4.30, as required by law.

**Q:** There has been a lot of talk of the need for a paid diversion. Are you ruling that out today or would there be any change down the road?

**A:** I have ruled out a paid diversion for the 1983 program. Our analysis indicates that the program I have announced today will give us a program that will reduce stocks as effectively as would a paid diversion plus a 20 percent set-aside.

It is a concern to me that if we try to take too many acres out of production farmers may decide they are not going to be in the program; they may wonder if they should be farming or sit on their back porches. Too many acres out of production would send incorrect signals, both to our farmers and to other countries.

**Q:** What happens if there are no deficiency payments made in 1983?

**A:** Farmers would be obligated to pay back any advance deficiency payments they received, plus interest.

**Q:** If you get the kind of participation you want, if your targets for overseas sales are met, what impact will this have on consumer prices?

**A:** This program will have a negligible effect on consumer prices. We have such volumes of grain now that the first step is to tighten stock levels somewhat.

The percentage of the food dollar that goes to farmers diminishes each year, regrettably I might say. Currently, about 30 cents of every food dollar goes to farmers; less for some commodities.

**Q:** How can you strengthen farmers' prices without increasing consumers' costs?

**A:** In the last three years we have seen consistent declines in net farm income and consistent increases in the cost of food. Increases in food costs are coming from sectors other than agriculture. If farm prices were to really skyrocket, we would see an impact on food costs. But considering the depressed level of prices now, I still contend that the impact would be minimal to the consumer.

**Q:** Won't this program set a precedent for the feed grain program?

**A:** At this time the corn crop is not made yet, it is not complete. We will closely monitor U.S. crops and the crops from other countries as we approach Oct. 1, which is a time we are looking towards to announce the new feed grain program. Any decision on advance payments for this program will be made at that time.

**Q:** The Congressional Budget Office reported that a paid diversion program could save the government $4 billion. Do you disagree with that assessment or was your objection to a paid diversion philosophical?

**A:** We did find some problems with the CBO assessement. What we are saying today is that advance deficiency payments really will get money in farmers' pockets and encourage them to participate. We think we get just the same reduction in wheat stocks as we would with a diversion program.

**Q:** What will be the effect of this program on the world market?

**A:** It should tighten world stocks slightly, but it shouldn't make a great difference in the world market. Because of our huge crops the past two years, the United States has been the major contributor toward the large increases in world stocks of wheat and we are just trying to bring ours back a little bit.

**Q:** You estimated you think you'll get 60 to 70 percent participation. What did you get on the 1982 program?

**A:** We have not yet completed certification on this year's wheat crop, but we are optimistic we can get up around 50 percent.

**Q:** Would you say your 1982 wheat program was a success?

**A:** It was a success in terms of signup and it was a success in terms of participation. But appreciating the ingenuity and the efforts farmers can make, they seem to find more acres.

**Q:** How much will the 1983 wheat program cost?

**A:** If you consider loan activities, storage facilities and deficiency payments, it could be approximately $2 billion. The majority of this, however, will be loan money that is repaid to the government, with interest.

**Q:** On your export initiatives, since you have announced a credit guarantee increase, does that indicate that funding for the revolving credit fund is not under active consideration?

**A:** No. There are a number of potential export initiatives, but this is the one we have coupled with the wheat program. It doesn't mean there will not be something later.

**Q:** How much will this additional $300 million boost exports?

**A:** That will depend quite a bit on the world economic picture. If we see an improvement, we could see an additional $300 million in exports.

**Q:** Will that be enough to combat European export subsidies?

**A:** It's not specifically designed to do that. It is designed to provide a guaranteed credit to some countries that might need it.

**Q:** Are you talking about an interest buy-down program?

**A:** I would not rule anything out, but we're not necessarily talking about that. It is one possibility.

**Q:** Secretary of State-designate Shultz has pretty flatly said there would be no negotiations with the Soviet Union on a new long-term grain agreement. Do you agree with that? Is that the decision of the administration?

**A:** The final decision will be made by President Reagan. And I would draw the distinction between a new long-term agreement and an extension or extension with amended higher supply levels.

**Q:** Are there other options besides a new long-term agreement, an extended agreement or an amended agreement?

**A:** We could have no agreement at all, which opens up trade Oct. 1 to an unstructured trading relationship.

**Q:** How are you drawing the distinction between a completely new agreement and an amended agreement with new levels, since both would require negotiations?

**A:** I think they are substantially different. Under a new agreement we could add new commodities such as value-added products. We could specify a new length of 5 or 6 or 10 years. But if we were to amend the current agreement and change the limits to more realistic levels, that's a long way from a new agreement.

**Q:** What would be considered to be "more realistic levels?"

**A:** We have sold 14 million metric tons to the Soviet Union this year. I think any new long-term agreement would have to specify levels in that range.

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# News Releases

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## USDA REGULATES FIVE AIRPORTS FOR JAPANESE BEETLES [1-5].

WASHINGTON, July 9—Five airports in Delaware, New Jersey, Ohio and Maryland are being required to use mechanical or chemical means to prevent departing planes from carrying Japanese beetles to uninfested areas, an official of the U.S. Department of Agriculture said today.

This will continue during the next several weeks when beetle numbers are heavy, said Gary Moorehead, an official of USDA's Animal and Plant Health Inspection Service.

The five airports are Dover Air Force Base, Del.; McGuire Air Force Base, N.J.; Port Columbus International Airport, Columbus, Ohio; Rickenbacker Air Force Base, Columbus, Ohio; and Baltimore Washington-International Airport, Baltimore, Md.

"Beetle numbers have become so high we've had to impose regulations so departing planes won't carry beetles to uninfested areas," said Moorehead.

When an airport is regulated, Moorehead said, airlines must use mechanical or chemical means to keep the beetles off aircraft. Mechanical beetle barriers include sealed entryways to airplanes and screened service entrances for airplane galleys. Properly used mechanical barriers are an excellent non-chemical alternative for beetle exclusion, Moorehead said.

Moorehead said more airports may have to be regulated in the next several weeks because of heavy Japanese beetle emergence in the eastern United States. "USDA plant protection and quarantine officers monitor buildup of adult beetle populations at airports," he said. "When we find beetles flying around aircraft, airlines treat vegetation in those ramp areas to kill the beetles. If this doesn't reduce numbers, the officers regulate the airport."

The precautions are to keep the beetles from being transported to uninfested western states and foreign countries, Moorehead said.

Beetles are attracted to large metal objects. They climb through openings in parked aircraft or are loaded with the cargo, he said.

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## BLOCK STATEMENT FOLLOWS MEETING ON U.S. AGRICULTURAL DEVELOPMENTS [1-3]

WASHINGTON, July 13—Secretary of Agriculture John R. Block and high officials of the administration met at the U.S. Department of Agriculture this morning to discuss agricultural export trade and U.S. trade initiatives.

Meeting with Block were Secretary of Treasury Donald T. Regan, Secretary of Commerce Malcolm Baldrige, Ambassador William E. Brock, U.S. Trade Representative; Walter E. Stoessel, Jr., deputy secretary, Department of State; Norman Bailey, senior director, national security planning, National Security Council and Seeley G. Lodwick, under secretary for international affairs and commodity programs, Department of Agriculture.

After the meeting, Block issued the following statement:

"The meeting that I called this morning with several high-level officials of the administration was for the purpose of reviewing recent developments in agriculture and trade and to discuss U.S. agricultural trade initiatives.

"This is part of the administration's coordinated team approach to bring strength to the U.S. position in dealing with international trade matters, both in agricultural and industrial trade.

"This morning, we discussed our new assessment of the 1982 Soviet grain crop, which the Department of Agriculture estimated yesterday will reach only 170 million metric tons, down from the previous estimate of 185 million tons. The significance is that the Soviet Union will need to import agricultural products heavily in the upcoming year if it is to keep its herds and flocks intact and maintain the dietary levels of the Soviet citizens.

"We discussed possible U.S. trade arrangements with the Soviet Union following the end of the present agreement on September 30. One possibility is a structured grain trade agreement.

"This morning, we took note of yesterday's crop estimate for the United States, which forecast a record winter wheat harvest of 2.12

billion bushels and a record barley harvest of 479 million bushels. Oats production is also forecast at 580 million bushels, 14 percent larger than last year and 27 percent larger than in 1980. These large crops are the result of excellent moisture supplies generally throughout U.S. food grain and feed grain areas.

"Yesterday's forecast of expected heavy grain supplies in the United States focuses attention on both the ability of the Nation to export agricultural products to gain valuable positive trade balances and also the necessity for strong agricultural export sales to provide the basis for a vigorous U.S. agricultural economy.

"In that connection, this morning we explored the role of the federal government in farm export sales and some of the different ways that the government can help the private sector move additional quantities of grain overseas.

"Under Secretary Seeley G. Lodwick reported on his analysis of the current international trade climate which he gained from meeting in Europe last week with the consultative group of 18 nations that discussed the agenda for the GATT ministerial meetings in November. The United States will enter into those meetings this fall with the strongest commitment to work with other nations to liberalize trading rules for agricultural products.

"Meantime, we are fully aware of the continuing problems created in our traditional U.S. export markets by export subsidies in the European Economic Community. Those matters were discussed this morning, and we will be sharpening our initiatives for dealing with that situation."

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## CHINA-U.S. SOYBEAN SYMPOSIUM SCHEDULED FOR JULY 26-27 IN ILLINOIS

WASHINGTON, July 13—An 11-member Chinese delegation will present technical papers and exchange information on soybean cultivation with U.S. soybean experts at a symposium sponsored by the U.S. Department of Agriculture at the University of Illinois, Urbana-Champaign, July 26-27.

The symposium is designed to develop a better understanding of soybean genetics, breeding, biology, crop production and processing in both countries, according to Joan S. Wallace, administrator of USDA's Office of International Cooperation and Development.

"One of the major objectives," she said, "will be to develop mutually-beneficial, cooperative scientific programs between U.S. and Chinese soybean scientists."

A follow-up symposium is scheduled to take place in China in 1983 with the Chinese as hosts, Wallace said.

China is the native home of the soybean and has an abundance of virtually untapped germplasm pools that can be used to improve soybean productivity and resistance to disease, Wallace said. Farmers in the United States planted some 68 million acres of soybeans in 1981 which produced about 2.03 billion bushels. About one-half of the production was exported to foreign countries, Wallace said.

We expect farm and agribusiness leaders from throughout the midwest to take part in the symposium. Several Chinese soybean specialists currently studying in the United States will also participate.

The Chinese delegation will arrive in the United States July 24. The Chinese scientists will participate in 10 days of workshops following the symposium, attend the American Soybean Association meeting in Minneapolis August 6-9, and make selected visits to private agricultural businesses, research facilities and farms prior to departure from New York Aug. 12.

Secretary of Agriculture John R. Block and Rep. Paul Findley (R-Ill.) were instrumental in helping initiate the symposium.

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## USDA REQUESTS COMMENTS ON 1983 UPLAND COTTON PROGRAM

WASHINGTON, July 14—The U.S. Department of Agriculture has asked for public comment on provisions of the 1983 upland cotton program and has set a deadline of Sept. 14 to receive those comments.

According to Everett Rank, administrator of USDA's Agricultural Stabilization and Conservation Service, USDA plans to announce its 1983 upland cotton program on or before Nov. 1.

Rank said USDA is asking for comments on the following:

— the base loan rate for the basic grade of upland cotton (strict low middling 1-1/16 inch, micronaire 3.5 through 4.9) at average U.S. locations. This base loan rate—which by law cannot be less than 55 cents per pound—will be determined according to a statutory formula using domestic and world price data.

— the 1983 target price, which by law cannot be less than 76 cents per pound.

— whether USDA should establish an acreage reduction program and, if so, the level of such a reduction.

— the appropriate national program acreage and voluntary reduction percentage if no acreage reduction program is announced.

— whether USDA should established a paid land diversion program and, if so, the percentage of the diversion and the level of payment.

— the loan rate for seed cotton.

Rank said that due to a 1981-crop cotton surplus, USDA is considering both acreage reduction and paid diversion programs, but that the actual need for acreage adjustment programs will depend on supply and demand conditions affecting the 1982 crop. He said recent crop losses from hail and rains in the Texas High Plains could mean large acreage reduction programs are unnecessary.

If no acreage reduction program is established, USDA will announce a national program acreage and a voluntary reduction percentage, Rank said.

The deadline for receiving comments is Sept. 14.

Comments should be sent to the director, analysis division, USDA-ASCS, room 3741-S, P.O. Box 2415, Washington, D.C., 20013. Comments will be available for public inspection in that room during regular business hours.

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## AGRICULTURE IN THE CLASSROOM WORKSHOP TO BE HELD IN LINCOLN, NEB.

WASHINGTON, July 14—Agriculture Secretary John R. Block has invited farm and education leaders from 11 Midwestern states to Lincoln, Neb., on Aug. 3 for the first of a series of regional meetings on agriculture in the classroom.

The "Agriculture in the Classroom" program is a cooperative effort by USDA, farm organizations and educators throughout the country to help school children understand where their food and fiber come from and the role of agriculture in the economy and society. It is primarily a sharing of ideas and projects that have proven successful in bringing the story of agriculture to the nation's school children.

At the meeting, participants will hear about projects going on in the Midwest and elsewhere in the country. One such project in North Dakota is an introductory "short course" on the economics of agriculture for elementary and secondary school teachers. In another project, the Nebraska Department of Agriculture has developed a guide to materials about agriculture that teachers can use when planning lessons. And in Iowa, commodity groups working with the Iowa Department of Agriculture and Iowa State University are developing a curriculum on that state's agriculture for use in elementary schools.

The Lincoln meeting, which is open to the public, will be from 9:30 a.m. to 3:30 p.m. at the Lincoln Hilton Hotel. Persons interested in attending should contact the Nebraska Department of Agriculture by calling (402) 471-2341.

In establishing the "Agriculture in the Classroom" program, Secretary Block said, "Young people need to understand where their food comes from and how the agricultural sector works if they are to intelligently shape policy in the years to come."

More than 40 farm and educational groups have participated in two national agriculture in the classrooms meetings since Secretary Block initiated the program about a year ago.

States invited to the Midwestern regional meeting are: North Dakota, South Dakota, Nebraska, Kansas, Missouri, Illinois, Indiana, Michigan, Minnesota, Iowa and Wisconsin.

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# SECRETARY BLOCK ANNOUNCES 1983 WHEAT PROGRAM

WASHINGTON, July 14—Secretary of Agriculture John R. Block today announced a 20 percent acreage reduction program for 1983 crop wheat and advance wheat deficiency payments to those farmers who participate in the program.

"The reduced acreage program should strengthen wheat prices by limiting next year's harvest and the buildup of stocks," Block said. "At the same time," he said." the program will increase long-term conservation on wheat land."

"Participation is voluntary, but only those farmers who enter the program will be eligible for price support loans, target price protection and eligibility for the farmer-owned grain reserve," he said.

Block also said the U.S. Department of Agriculture is intensifying its wheat export efforts and expanding its export credit sales program.

Block announced additional credit financing under the export credit guarantee (GSM 102) program. This will expand credit to countries buying U.S. farm products. The additional authorization of $300 million will increase the GSM 102 level to $2.8 billion from the currently authorized $2.5 billion.

While high interest rates have discouraged the use of the guaranteed loan programs this year, this funding increase will allow creditworthy countries to expand borrowing once financial or other conditions change.

Block also announced these other 1983 wheat program provisions:

— farmers will get an advance payment equal to one-half the estimated 1983-crop deficiency (target price) payments at the time they sign up. This will help farmers who have tight cash flow problems. Signup will begin Sept. 7 for winter wheat producers and later for spring wheat farmers.

— a target price of $4.30 per bushel.

— a loan rate of $3.55 per bushel for grain placed under the regular loan program and $4.00 per bushel for wheat placed into the reserve. Reserve storage payments will remain at 26.5 cents per bushel.

— acreage taken from production must be devoted to conservation uses. Farmers participating in the 1983 acreage reduction program must reduce their wheat acreage for harvest by at least 20 percent from an established wheat base. If the farmer participated in the 1982 wheat program, the 1983 wheat acreage base will be the same as the 1982 base. For producers who did not participate in the 1982 wheat program, their 1983 acreage base will be the average acreage planted for harvest of the 1981 and 1982 crops.

To meet the conservation uses requirement a farmer with a 1983 acreage base of 100 acres can plant no more than 80 acres of wheat for 1983 harvest. The remaining 20 acres must be devoted to conservation uses.

If farmers plant fewer than the permitted 80 acres, they will be permitted to devote fewer acres to conservation. For example, if only 50 acres are planted, only 12.5 acres (25 percent of 50) will have to be devoted to conservation use.

The land taken from production and devoted to conservation must be eligible cropland protected from wind and water erosion. Acreage designated to meet the conservation requirement may not be mechanically harvested and grazing will not be permitted during the six principal growing months.

In addition, Block also announced an incentive to divert eligible crop land for permanent conservation practices. If the producer incorporates permanent conservation practices, such acreage will be eligible as conserving use acreage for a three-year period. The permanent conservation practice will be eligible for cost-share payments through the agricultural conservation program. This approach will permit farmers more flexibility in managing their total farm base for future year participation. It also reflects the secretary's intent to introduce more conservation incentives into the annual commodity program.

Other program details will be announced later.

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## USDA ANNOUNCES NEW REQUIREMENTS FOR FARM STORAGE FACILITY LOAN PROGRAM

WASHINGTON, July 14—The U.S. Department of Agriculture will resume approval of new applications for Commodity Credit Corporation farm storage facility loans, up to a total of $40 million.

Secretary of Agriculture John R. Block said this will allow farmers to begin making their storage plans for 1982 crops. Loan disbursement will begin after Oct. 1, he said.

No storage facility loan applications made since Feb. 8 have been approved "to permit the department to review program regulations in light of changes in the legislation authorizing the program," Block said.

Now that this review has been completed, Block said the following modified requirements will apply:

— storage needs of loan applicants will be based upon the availability of storage for one year's production of wheat, feed grains or rice produced on farms participating in the acreage reduction program for those crops. The production of rye, soybeans, dry edible beans, peanuts, sunflower seeds, high moisture forage and silage will not be considered.

— new CCC storage loans will be limited to $25,000 per farmer. Loans will be considered for one-year's storage needs and will be repayable in five years. Loans will be available for building new storage structures and for remodeling existing structures but not for electrical, handling, or drying equipment. Agricultural Stabilization and Conservation county committees may approve loans for up to seventy percent of the eligible cost items. Ineligible items which are an integral part of the structure must be paid in full before loan disbursement.

— an extended interim rule requesting comments on the new eligibility requirements will be published in the Federal Register. All comments from the public concerning the regulation will be considered before the department publishes the final rule.

Block said that producers with pending applications will be given the opportunity to revise them based upon the new program requirements.

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## HOUSE PAINTER SENTENCED IN FOOD STAMP FRAUD

EL PASO, Texas, July 14—Henry Lee Jackson, a 33-year-old house painter, was sentenced to five years in prison today after being convicted in the U.S. Federal District Court here of making false statements on applications for food stamps.

Jackson was indicted by a federal grand jury in El Paso March 2 on two counts of making false statements in connection with applications for food stamps.

John V. Graziano, U.S. Department of Agriculture inspector general, said the indictment culminated an eight-month investigation and nationwide search for Jackson by USDA special agents. Graziano said Jackson made at least 75 applications for food stamps in 23 states from California to Delaware between January 1980 and January 1982, and fraudulently received at least $14,000 in food stamps.

A fraud alert bulletin was distributed nationally warning welfare offices of Jackson's method of operation, Graziano said. Early last January, the San Bernadino, Calif., welfare office notified Graziano that Jackson had applied for food stamps in the area. The suspect was arrested a few days later when he returned to pick up food stamps.

Jackson would visit welfare offices saying he was unemployed and needed food for himself and his four children, Graziano said. He would ask for expedited service and return a few days later for his food stamps. In some offices, his application was denied after case workers became suspicious.

The case was prosecuted by Mike McDonald, assistant U.S. attorney for the Western District of Texas.

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## USDA TO TEST ALTERNATIVES TO COMMODITY DONATIONS FOR SCHOOL LUNCHES

WASHINGTON, July 15—The U.S. Department of Agriculture will begin a demonstration project in 97 school districts in 29 states to test alternatives to providing donated agricultural commodities to the national school lunch program, Assistant Secretary of Agriculture Mary Jarratt said today.

One alternative will be to provide cash payments instead of commodities. USDA will provide school food authorities in 34 school districts with cash equal to the value of the commodities they would be entitled to under the present commodity donation program. The value of the commodities is 11.5 cents per meal.

Under another part of the test, USDA will give 31 participating school districts letters of credit allowing them to purchase specific food items from local sources.

Jarratt said 32 other school districts have been selected as control sites and will continue to operate under current regulations of the commodity donation program. The study will examine the cost effectiveness of the two alternatives, their impact on school food procurement patterns, their effects on school lunch quality and lunch program participation, their impacts on government price support and surplus removal programs and their administrative feasibility.

The school districts chosen as demonstration projects will participate for at least two years, beginning this July. The districts selected to participate in the demonstration project are representative of school districts, both large and small, rural and urban, throughout the country.

These demonstration projects are mandated by Title III of the Agricultural Appropriations Act. A report to Congress on this project is due by Dec. 15, 1984.

States involved are: Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Iowa, Louisiana, Maine, Michigan, Minnesota, Nevada, New Jersey, New York, Ohio, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.

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## SECRETARY BLOCK ANNOUNCES AID FOR REGIONAL DISASTER AREA [1-4]

WASHINGTON, July 15—An agricultural region covering 76 counties—involving parts of Texas, New Mexico ~~and~~ Oklahoma—ravaged by spring and summer storms, will be eligible for various types

of disaster assistance, Secretary of Agriculture John R. Block announced today.

Special disaster payments and other farm program benefits for cotton, wheat, ~~and~~ feed grain will be provided to those farmers who qualify in this region centered in the high plains of Texas.

Block said he was taking this unusual action to meet the needs created by a unique and widespread natural disaster caused by severe weather. Over the last several weeks a combination of hail, heavy rainfall, wind and cold weather has devastated crops. Earlier in the spring, drought conditions prevailed in this area until about the first of May.

Rainfall in the affected region normally averages about 19 inches per year. A series of severe storms moving through this region in recent weeks dropped 30 inches of rain in a six-week period. Excess moisture stunted plant growth, washed out crops and damaged young plants with hail.

The disaster declaration was made in Lubbock, Texas, where Secretary Block phoned the disaster approval and details to Texas Governor William P. Clements, who was meeting with a group of farmers and agribusiness leaders in Lubbock.

"The extent of the crop losses and the widespread nature of the disaster call for extraordinary measures," Block told Clements and the farmers.

"Therefore, after consulting with President Reagan, I am today implementing a program of emergency assistance to provide relief to producers in this 76-county area of Texas and adjoining counties in New Mexico and Oklahoma," Block said.

Emergency conservation funds provided through the Agricultural Stabilization and Conservation Service (ASCS) programs will be included in the disaster assistance to meet erosion and soil deterioration caused by the disaster.

The disaster assistance will be in addition to the insured benefits available to the farmers covered by the Federal Crop Insurance Corporation (FCIC). Insured farmers will receive full indemnities to the extent of their policy coverage. Additional insurance adjusters have been committed to the region to expedite insurance payments.

"We are making disaster assistance available in this region because our revised and expanded FCIC insurance program is still in a transitional phase. And, at this time we are not as far along as we earlier had hoped to be," Block said.

"We continue to support the principle and the mandate from Congress that the expanded crop insurance program will replace disaster payments. The heavy losses created by the storm damage in this three-state region dramatically demonstrate the necessity for farmers here, and nationwide, to take advantage of the protection offered by the Federal Crop Insurance Corporation," Block said.

Block also announced that the Farmers Home Administration (FmHA) is prepared to help farmers with emergency disaster loans in counties that meet the normal criteria for such aid.

The special disaster payments, as authorized by the Agriculture and Food Act of 1981, are as follows:

COTTON — 20.5 cents per pound for crop losses in excess of 25 percent of the crop.

WHEAT — $1.75 per bushel for wheat losses in excess of 40 percent of the crop.

FEED GRAINS — 15 cents per bushel for corn, 18 cents per bushel for grain sorghum, and 15 cents per bushel for barley for any losses that exceed 40 percent of each of those three crops.

The following counties are included in the contiguous area designated by the Secretary:

— TEXAS: Andrews, Archer, Armstrong, Bailey, Baylor, Borden, Briscoe, Carson, Castro, Childress, Cochran, Collingsworth, Cottle, Crosby, Dallam, Dawson, Deaf Smith, Dickens, Donley, Fisher, Floyd, Foard, Gaines, Garza, Gray, Hale, Hall, Hansford, Hardeman, Hartley, Haskell, Hemphill, Hockley, Howard, Hutchinson, Jones, Kent, King, Knox, Lamb, Lipscomb, Lubbock, Lynn, Martin, Mitchell, Moore, Motley, Nolan, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Scurry, Schackelford, Sherman, Stephens, Stonewall, Swisher, Taylor, Terry, Throckmorton, Wheeler, Wichita, Wilbarger, Yoakum, Young.

— NEW MEXICO: Curry, Lea, Quay, Roosevelt.

— OKLAHOMA: Beaver, Cimarron, Harper, Texas.

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## CORRECTION—

WASHINGTON, July 16—Seven Texas counties were inadvertently omitted from a list released yesterday announcing regional disaster assistance in Texas, Oklahoma and New Mexico. Counties omitted from the list are Coke, Coleman, Glasscock, Midland, Reagan, Runnels and Sterling. Farmers in these areas who qualify also may receive disaster payments and other farm program benefits. The release (USDA-865-82) is entitled SECRETARY BLOCK ANNOUNCES AID FOR REGIONAL DISASTER AREA.